

OFFICE OF TRAINING

NOTICE

No. 17 - 71

3 February 1971

SUBJECT : Federal Income Tax: Underwithholding

REFERENCE: All Employees [REDACTED] dtd 16 Dec 1970

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1. The Director of Finance has called attention to an underwithholding of Federal Tax, beginning with the paycheck of 8 January 1971. The underwithholding affects married employees whose income, after exemptions, is \$20,000 or above.

2. An employee in this status who wishes to amend his current withholding should submit Form W-4, "Employee's Withholding Exemption Certificate," (available in Supply Rooms) authorizing an additional amount withheld (in increments of \$5.00 only), or authorizing a reduction in the number of dependents, or both. Forms should be sent to the Budget & Fiscal Office, OTR, Room 736 Glebe Building.

3. There is no obligation to initiate an amendment nor is there a prescribed time for doing so. However, employees in the above-mentioned category are reminded that the computation producing the present withholding resulted in lowering the maximum rate from 30% to 25% without a corresponding reduction in tax liability. They are also reminded that the allowance for each dependent has been increased from \$625 (1970) to \$650 (1971) and that standard deductions have been increased from 10% to 13%, with a ceiling of \$1,500, for 1971.

[REDACTED]  
Executive Assistant  
Office of Training

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Distribution:

Key 1-D

All OTR Employees